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ARTICLE II. PRIVILEGE AND EXCISE TAXES

DIVISION 1. - GENERAL CONDITIONS AND DEFINITIONS

99	Words of tense, number and gender; code references.
100	General definitions. <ul style="list-style-type: none">AssemblerBroker (Reg. 100.1)BusinessBusiness dayCasual activity or saleCombined taxesCommercial propertyCommunications channelConstruction contractingConstruction contractorDelivery (of notice) by the Tax CollectorDelivery, installation, or other direct customer services (Reg. 100.2)EngagingEquivalent excise taxFederal governmentFoodHotelJob printingLesseeLessorLicense (for use)Lodging (lodging space)Manufactured buildingsManufacturerMining and metallurgical suppliesModifierNonprofit entityOccupancy (of real property)Out-of-City saleOut-of-State saleOwner-builderPersonProstheticQualifying Community Health CenterQualifying Health Care OrganizationQualifying HospitalReceipt (of notice) by the taxpayerRemediationRental equipmentRental supplyRepairerResides within the CityRestaurantRetail sale (sale at retail)Retailer (Reg. 100.3)SaleSpeculative builderSubstantially completeSupplier

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Tax Collector
Taxpayer
Taxpayer problem resolution officer
Telecommunication service
Utility service

- 110 Definitions: income-producing capital equipment.
- (a) includes, subject to (d):
 - (1) machinery or equipment
 - (2) mining
 - (3) telecommunications
 - (4) electrical generation or transmission
 - (5) pipes or valves
 - (6) aircraft instruments
 - (7) aircraft machinery, equipment
 - (8) railroad rolling stock
 - (9) oil/gas drilling equipment
 - (10) urban mass transit vehicles
 - (11) utility services
 - (12) groundwater measuring devices
 - (13) research and development
 - (14) new machinery and equipment
 - (15) liquid, solid or gaseous chemicals
 - (16) cleanrooms
 - (17) soundstage complex
 - (18) direct telecommunication transmission
 - (19) poultry
 - (20) pollution prevention or monitoring equipment
 - (21) digital television broadcasting and receiving equipment
 - (b) ancillary equipment to remove waste products, except (d).
 - (c) repair and replacement parts
 - (d) definition does not include:
 - (1) expendable materials
 - (2) janitorial equipment and hand tools
 - (3) office equipment, furniture, supplies
 - (4) sales/distribution
 - (5) motor vehicles licensed for road use
 - (6) certain materials
 - (7) motors and pumps for drip irrigation
 - (e) aircraft definitions
 - (1) aircraft simulator or component parts
 - (2) other accessories and related equipment defined
- 115 Definitions: computer software; custom computer programming (Reg. 115.1)
- (a) computer software
 - (b) custom computer programming
- 120 Definitions: food for home consumption. (Reg. 120.1)
- (a)
 - (1) eligible grocery business
 - (2) facilities for the consumption of food
 - (3) food for consumption on the premises
 - (4) hot prepared food
 - (5) premises
 - (b) food for home consumption

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DIVISION 2. - DETERMINATION OF GROSS INCOME

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|-----|---|
| 200 | Determination of gross income: in general. <ul style="list-style-type: none">(a) includes:<ul style="list-style-type: none">(1) value from sales of property or service(2) total sale or lease price(3) receipts, cash, barter, exchange, reduction of debt, etc.(4) including deposits and deferred payments (Reg. 200.1)(b) barter, exchange, trade-outs, etc.(c) no deduction for cost, losses, etc. |
| 210 | Determination of gross income: transactions between affiliated companies or persons. |
| 220 | Determination of gross income: artificially contrived transactions. |
| 230 | Determination of gross income based upon method of reporting. <ul style="list-style-type: none">(a) cash basis(b) accrual basis |
| 240 | Exclusion of cash discounts, returns, refunds, trade-in values, vendor-issued coupons, and rebates from gross income. <ul style="list-style-type: none">(a)<ul style="list-style-type: none">(1) cash discounts(2) returns(3) trade-ins(4) vendor-issued coupons(5) rebates(6) motor vehicle rebates(b) subsequent period reduction may still be excluded if reported as taxable in prior period. |
| 250 | Exclusion of combined tax from gross income; itemization; notice; limitations. <ul style="list-style-type: none">(a) when tax separately collected/charged<ul style="list-style-type: none">(1) remittance of all tax collected/charged (Reg. 250.1).(2) itemization(b) when tax has not been separately charged/collected. |
| 260 | Exclusion of motor vehicle fees and taxes from gross income; limitations. <ul style="list-style-type: none">(a) registration fees, license fees and taxes.(b) F.E.T. on heavy trucks and trailers.(c) certain state excise taxes, fees and surcharges(d) motor vehicle dealer documentation fees |
| 265 | Reserved. |
| 266 | Exclusion of motor carrier revenues from gross income. <ul style="list-style-type: none">(1) motor carrier subject to state fee(2) leasing motor vehicle subject to state fee(3) sale and repair parts of motor vehicles subject to state fee(4) definition of weight classes |

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270	Exclusion of gross income of persons deemed not engaged in business. <ul style="list-style-type: none">(a) definitions<ul style="list-style-type: none">(1) federally exempt organization(2) governmental entity(3) nonlicensed business(4) proprietary club(5) public educational entity(b) governmental entities, nonlicensed businesses, and public educational entities do not have taxable gross income except "proprietary activities" of municipalities (Reg. 270.1)(c) federally exempt organizations and proprietary clubs do not have taxable gross income except:<ul style="list-style-type: none">(1) proprietary clubs 15% rule on revenue (Reg. 270.2)(2) unrelated business income(3) Reserved.(d) sales or leases to (a) taxable unless licensed and paying a tax on resales/leases income.(e) franchisees and concessionaires of such do <u>not</u> share their exemption.(f) Reserved.
280	Reserved.
285	Moratorium on certain taxes for certain annexed areas.
290	Activities on Davis Monthan Air Force Base.

DIVISION 3. - LICENSING AND RECORDKEEPING

300	Licensing requirements. <ul style="list-style-type: none">(a) who must apply (Reg. 300.1)<ul style="list-style-type: none">(1) all subject to privilege tax(2) Reserved.(3) Reserved.(b) multiple activities at one location(c) limitation
305	Special licensing requirements. <ul style="list-style-type: none">(a) partnerships(b) corporations(c) multiple locations(d) conditional on meeting other legal requirements
310	Licensing: duration of license; transferability; display. <ul style="list-style-type: none">(a) valid until surrendered/cancelled/revoked.(b) non-transferable between owners or locations, and must be publicly displayed at business location.(c) replacement of license treated as new license for purposes of application and fee.(d) Reserved.(e) Reserved.(f) Reserved.(g) Reserved.(h) Reserved.(i) Reserved.

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	(j) Reserved.
315	Reserved.
320	Licensing: cancellation; revocation. (a) cancellation if inactive. (b) revoked for failure to comply. (c) notice and hearing (d) reinstatement
330	Operating without a license.
350	Recordkeeping requirements. (Reg. 350.1, Reg. 350.2, Reg. 350.3) (a) Must maintain books and records for limitation period and make available to tax collector during any business day. (b) tax collector can specify books and records kept after audit reveals inadequate recordkeeping.
360	Recordkeeping: claim of exclusion, exemption, deduction, or credit; documentation; liability. (Reg. 360.1, Reg. 360.2) (a) claim of exemption must be documented. (b) vendee's claim of exemption shifts tax liability to vendee.
370	Inadequate or unsuitable records. If records inadequate, taxpayer must either: (1) provide other suitable records, or (2) correct/reconstruct records.
DIVISION 4. - PRIVILEGE TAXES	
400	Imposition of privilege taxes; presumption. (a) taxes levied: (1) privilege taxes on gross incomes specified below (2) Reserved. (b) taxes imposed by this article in addition to others. (c) presumption. (d) limitation of exemptions, deductions, and credits.
405	Advertising. (Reg. 405.1, Reg. 405.2) (a) measure of tax; rate; definition of "local advertising". (b) Reserved.
407	Reserved.
410	Amusements, exhibitions, and similar activities. (a) measure of tax; rate. (1) charges for admission or amusement. (2) Reserved. (b) Reserved.
415	Construction contracting: construction contractors. (Reg. 415.1, Reg. 415.2) (a) measure of tax; rate. (1) exclusion of groundwater measuring devices. (2) Reserved. (3) exclusion of manufactured buildings. (b) deductions and exemptions. (1) subcontracting

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- (2) 35%
 - (3) equipment purchased that is exempt from tax under 19-465 (7) and (16)
 - (4) installation of income-producing capital equipment
 - (5) poultry facilities
 - (6) cleanrooms
 - (7) commercial production of livestock
 - (c) subcontractors.
 - (1) working for another contractor.
 - (2) working for an owner building for sale.
 - (3) selling new manufactured buildings.
- 416 Construction contracting: speculative builders. (Reg. 416.1, Reg. 416.2)
- (a) measure of tax; rate.
 - (1) sales price at close of escrow
 - (2) improved real property
 - (3) sale
 - (4) partially improved residential real property
 - (b) exclusions
 - (1) prior value for reconstruction
 - (2) cost of land sold
 - (3) Reserved.
 - (4) stipulations for exclusion of gross income
 - (c) occurrence of liability; exemption, deductions & credits
 - (1) exemptions
 - (a) equipment purchased that is exempt from tax under 19-465 (7) and (16)
 - (b) poultry facilities
 - (c) cleanrooms
 - (d) commercial production of livestock
 - (2) deductions
 - (a) 35%
 - (b) installation of income-producing capital equipment
 - (3) tax credits
 - (a) city taxes paid on materials purchases
 - (b) city taxes paid on construction contracting
 - (c) tax credits must relate to income reported
- 417 Construction contracting: owner-builders who are not speculative builders.
- (a) measure of tax; rate
 - (1) payments to subcontractors
 - (2) purchases of building materials
 - (b) exemptions, deductions & credits
 - (1) exemptions
 - (a) equipment purchased that is exempt from tax under 19-465 (7) and (16)
 - (b) poultry facilities
 - (c) installation of income-producing capital equipment
 - (d) commercial production of livestock
 - (2) deductions
 - (a) 35%
 - (b) installation of income-producing capital equipment
 - (3) tax credits
 - (a) city taxes paid on materials purchases

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	(b) city taxes paid on construction contracting
	(c) tax credits must relate to income reported
	(c) reporting; statute of limitations.
	(d) Reserved.
418	Reserved.
420	Reserved.
425	Job printing. (Reg. 425.1)
	(a) measure of tax; rate.
	(b) deductions
	(1) job printing for resale
	(2) out-of-city sales
	(3) out-of-state sales
	(4) job printing for publishers
	(5) sales to qualifying health care
	(6) Reserved.
427	Manufactured buildings
	(a) measure of tax; rate
	(b) sale of used manufactured buildings
	(c) furniture, appliances taxed under retail
	(d) trade-ins and tax liability
430	Timbering and other extraction.
	(a) measure of tax; rate.
	(1) timbering
	(2) oil and gas extraction/refining
	(b) tax based on location of activity, not location of sale.
	(c) if shipped out-of-state unsold, tax based on value at time of shipment.
	(d) Reserved.
432	Mining.
	(a) measure of tax; rate
	(b) rate applied to value of entire product
	(c) if shipped out-of-state unsold, tax based on value at time of shipment.
435	Publishing and periodicals distribution. (Reg. 435.1)
	(a) measure of tax; rate.
	(1) publishing in the city
	(2) distribution of periodicals not published in the city
	(b) location of publication
	(c) subscription income
	(d) circulation
	(e) allocation of taxes between cities and towns.
	(1) allocation by circulation in taxing municipalities
	(2) allocation of balance between locations of publication
	(f) sales to qualifying health care
444	Hotels.
	(a) person
	(b) reserved
	(d) income from jails and prisons
445	Rental, leasing, and licensing for use on real property
	(a) measure of tax, rate.
	(1) reimbursements for property tax, repairs, improvements

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	<ul style="list-style-type: none"> (2) charges for services (3) special case telecommunication services (b) exemption for utility reimbursement based upon separate meter (c) exemption for primary health care facilities income. (d) exemption for joint pole use charges. (e) exemption for rental to qualifying health care facilities. (f) less than 3 lodging spaces for rent. (g) Reserved. (h) exempt lodging rental. (i) Reserved. (j) exemption for hotels. (Sec. 19-444). (k) Reserved. (l) Reserved. (m) Reserved. (n) use of apartment by employee (o) income from jails and prisons
446	Reserved.
447	Reserved.
450	<p>Rental, leasing or licensing for use of tangible personal property. (Reg. 450.1, Reg. 450.2, Reg. 450.3)</p> <ul style="list-style-type: none"> (a) measure of tax; rate. (b) special provisions relating to long-term motor vehicle leases (c) exemptions <ul style="list-style-type: none"> (1) rent for re-rent (2) semi-permanently or permanently installed in another taxing city (Reg. 450.4) (3) motion picture films, etc. to amusement, etc. businesses (4) <ul style="list-style-type: none"> a. prosthetics b. income-producing capital equipment c. mining and metallurgical supplies. (5) to a qualifying health care facility (6) delivery, installation, repair, maintenance charges (7) joint pole use charges (8) coin-operated washing, drying, dry-cleaning, and car-washing machines (9) aircraft acquired for use outside state (10) motor vehicles that use alternative fuel
452	Reserved.
455	<p>Restaurants and bars.</p> <ul style="list-style-type: none"> (a) measure of tax; rate. (Reg. 455.1) (b) delivery, set-up, and clean-up charges of off-premises restaurants (c) sales to qualifying health care facilities (d) sales to airlines (e) sales to public educational entities (f) definition of accessories
460	<p>Retail sales: measure of tax; burden of proof; exclusions.</p> <ul style="list-style-type: none"> (a) measure of tax; rate. (Reg. 460.2, Reg. 460.3, Reg. 460.6) (b) burden of proof (c) exclusions

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	<ul style="list-style-type: none"> (1) stocks, bonds, etc. (2) lottery tickets (3) bullion and monetized bullion (Reg. 460.5) (4) taxable elsewhere in this article (Reg. 460.1) (5) professional services (Reg. 460.4) (d) Reserved. (e) seller's business location takes precedence between cities (f) tax liability based upon seller's location (g) prepaid calling cards
465	<p>Retail sales: exemptions.</p> <ul style="list-style-type: none"> (1) sales for resale (Reg. 465.3) (2) out-of-city sales or out-of-state sales (3) delivery, installation, or other direct customer services (4) repair labor (Reg. 465.1) (5) warranty, maintenance and service contracts (6) prosthetics (7) income-producing capital equipment (8) rental equipment and rental supplies (9) mining and metallurgical supplies (10) fuels subject to Arizona fuel use tax; natural gas for motor vehicles (11) sales to a licensed construction contractor (12) motor vehicle sales to nonresidents for use outside state (13) component or ingredient parts sold to job printers, manufacturers, or publishers (14) sales to the federal government: <ul style="list-style-type: none"> a. 100% by assembler, manufacturer, modifier, repairer b. 50% otherwise (15) food to restaurants (16) sales to qualifying health care facilities (17) food for home consumption (18) sales to farmers, ranchers, etc. of: <ul style="list-style-type: none"> a. seed and agricultural chemicals b. animal feed c. animals for slaughter d. animals for breeding and production (19) groundwater measuring devices (20) works of "fine art" (21) aircraft acquired for use outside the state (Reg. 465.4) (22) sales of food products by producers (23) Reserved. (24) employee meals (25) Reserved. (26) Reserved. (27) sales to remediation contractors (28) sales to publicly funded libraries (29) sales to airlines (30) sales of wireless telecommunication equipment, tax base (31) sales of wireless telecommunication equipment (32) sales of alternative fuel (33) sales to public educational entities (34) sales of personal hygiene items to hotels (35) sales of gas used to fuel compressor equipment along pipeline (35) sales of food, beverages, condiments and accessories to nonprofit charitable organizations (36) sales of motor vehicles that used alternative fuel
470	<p>Telecommunication services. (Reg. 470.1)</p> <ul style="list-style-type: none"> (a) measure of tax; rate.

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	(1) telecommunication services definition (2) gross income definition (b) resale telecommunication services (c) interstate transmissions (d) Reserved. (e) Cable T.V. income (f) prepaid calling cards
475	Transporting for hire. (Reg. 475.1) (a) railroads (b) pipelines (c) aircraft (freight only) (d) motor vehicles, except: (1) income subject to the state ton-mile tax (2) governmentally adopted urban mass transit (3) Reserved. (4) Reserved.
480	Utility services. (a) measure of tax; rate. (1) services to in-city residents (2) consumers of the city utility (b) sales of natural gas for generation of electricity deemed retail sales (c) resale utility services (d) Reserved. (e) sales to qualifying health care facilities (f) sales of natural gas or liquefied petroleum gas for motor vehicles (g) contributions received in aid of construction
485	Reserved.

DIVISION 5. - ADMINISTRATION

500	Administration of this article; rule making. (a) administration vested in the tax collector (b) tax collector shall prescribe forms and procedures (c) city council approves regulations (d) Reserved.
510	Divulging of information prohibited; exceptions. (a) divulging information prohibited except as provided here (b) City Council authorized examination by another U.S. jurisdiction (c) tax collector can provide information to another Arizona privilege tax administration (d) successors, receivers, trustees, etc. (e) City Attorney authorized to collection agencies (f) other Arizona city when tax paid to wrong city (g) others involved in allocation of publishing tax (h) by agreement approved by City Council with another jurisdiction.
515	Duties of taxpayer problem resolution officer (a) assistance to taxpayers (b) duties of officer (c) review of actions (d) quarterly report

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516	Taxpayer assistance orders <ul style="list-style-type: none">(a) taxpayer hardship(b) release of lien; suspending action(c) modification, reversal or rescinding of order(d) statute of limitations; interest on tax obligation(e) prohibitions on use<ul style="list-style-type: none">(1) contest of merits of tax liability(2) substitute for to review actions
517	Basis for evaluating employee performance <ul style="list-style-type: none">(a) evaluations from taxpayers(b) limitation on evaluation due to taxes assessed or collected
520	Reporting and payment of tax. <ul style="list-style-type: none">(a) returns (Reg. 520.1)(b) payment(c) requirement of security(d) method of reporting: "cash basis" or "accrual basis" (Reg. 520.2)<ul style="list-style-type: none">(1) all income to be reported by same method(2) special considerations for construction contractors:<ul style="list-style-type: none">a. prime contractorsb. speculative buildersc. other owner-builders
530	When tax due; when delinquent; time for making return; verification of return; extensions. <ul style="list-style-type: none">(a) report monthly - due 20th of following month, except:<ul style="list-style-type: none">(1) quarterly returns if annual taxable sales greater than \$5,000 but less than \$50,000(2) annual returns if annual taxable sales less than \$5,000(b) special requirements of taxpayers filing quarterly or annual returns(c) delinquency date(d) jeopardy reporting(e) extensions
540	Interest and civil penalties. <ul style="list-style-type: none">(a) interest(b) civil penalties<ul style="list-style-type: none">(1) 5% per month (progressive) for late filing (to 25%)(2) 10% for failure to pay timely(3) 25% for failure to file upon demand(4) 10% for negligence(5) 50% for civil fraud or evasion(c) interest and penalties due and payable upon notice(d) information or explanations provided by taxpayer(e) some penalties require specific tax collector approval(f) tax collector shall waive penalties (b)(1) and (2)(g) time limitations for request to waive penalties(h) reasonable cause(i) definition of negligence
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	(a) prohibition of interest or penalty on deficiency assessments (1) attributable to erroneous written advice (2) misleading statement on tax return form (b) oral advice not binding (c) tax return form defined
545	Deficiencies; when inaccurate return is filed; when no return is filed; estimates. (a) tax collector may recompute or estimate (1) when not satisfied with return filed (2) when no return filed (b) estimates; presumption
546	Closing agreements (a) terms and conditions for closing agreements (b) approval required for agreement (c) agreement final except under certain circumstances; binding nature (d) annual report required
550	Limitation periods. (a) when return filed (1) 4 yrs. from month of due date/filing date (2) 6 yrs. if taxable underreported by more than 25% (3) time of delay from taxpayer tolls limitation period (4) assessment made when notice mailed (certified) (b) suspension of limitation if: (1) assets of taxpayer in control of court (2) taxpayer and tax collector agree in writing to extend limitation period (c) no limitation if no return filed, fraud, operating without license (d) special provisions relating to owner-builders
555	Tax Collector may examine books and other records; failure to provide records. (a) tax collector can examine books and records (b) tax collector may issue administrative request (Reg. 555.1) (c) failure to provide records can result in 25% penalty (d) tax collector may use any generally accepted auditing standards or procedures (e) failure to keep or provide adequate records allows tax collector can estimate (f) when assessment final
556	No additional audits or proposed assessments; exceptions (a) limitations on audits after determination of deficiency; exceptions (b) audit by other taxing jurisdiction not included in prohibition (c) increases in deficiency prohibited with certain exceptions
560	Erroneous payment of tax; credits and refunds; limitations. (a) Tax collector may authorize credits and refunds. Credits cancelled within 1 year after issuance. (b) no credit except: (1) per section 565 (2) returns not more than 6 mo. old (3) after audit. limitation period calculated from date taxpayer's request is received.

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	(4) after written claim by taxpayer
	(c) excess taxes; remitting to taxpayer
	(d) interest on credits or refunds; calculation
	(e) appeal of tax collector determination
	(f) Refunds made from Privilege Tax revenue accounts
565	Payment of tax to the incorrect Arizona city or town.
	(a) transfer of tax paid by wrong taxpayer
	(b) assignment and waiver requirements
	(c) tax paid to wrong city will be remitted to correct city upon signed assignment and waiver
	(d) A.R.S. section 42-1452 will govern.
	(e) "Other city" means State Department of Revenue if city in state collection program.
567	Reserved.
570	Administrative review; petition for hearing or for redetermination; finality of order
	(a) informal conference with auditor prior to assessment
	(b) administrative review
	(1) filing a petition
	(2) extension to file a petition
	(3) requirements for petition
	(4) transmittal to the hearing officer
	(5) hearings
	(6) redetermination
	(7) hearing ruling
	(8) notice of refund or adjusted assessment
	(c) Stipulations that future tax is also protested
	(d) When assessment final
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	(2) after taxpayer receives notice, unless appealed
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571	Jeopardy assessments. (Reg. 571.1)
	(a) if jeopardy assessment, tax collector will notify taxpayer at time of assessment, and demand immediate payment
	(b) taxpayer must file request for administrative review together with posting bond or collateral within 10 days
	(c) bond or collateral
	(d) if all these conditions are not met, tax becomes final
	(e) once these conditions are met, 19-570 controls
572	Expedited review of jeopardy assessments
	(a) request for review; determination; time deadlines
	(b) civil action on determination of jeopardy assessment
575	Judicial review.
	(a) taxpayer's appeal
	(b) tax collector's appeal
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	(d) Trial de novo; limitation on tax collector
	(e) burden of proof on City in court
	(f) no estoppel
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577	Refunds of taxes paid under protest.
578	Reimbursement of fees and other costs; definitions <ul style="list-style-type: none">(a) grounds for reimbursement(b) circumstances for denial of reimbursement(c) itemization of fees and other costs by taxpayer; determination of validity(d) payment within 30 days if no appeal(e) limit on amount of reimbursement; exception(f) definition of "reasonable fees and other costs"
580	Criminal penalties <ul style="list-style-type: none">(a) it is unlawful to knowingly or willfully:<ul style="list-style-type: none">(1) fail/refuse to file a return(2) fail/refuse to pay tax when due(3) make false/fraudulent return(4) make false/fraudulent statement to claim tax exemption(5) fail/refuse to permit lawful examination of books or records(6) fail/refuse to remit taxes collected from customer(7) advertise that tax is not a consideration of price(8) fail/refuse to obtain a privilege license(9) falsify/forged document to obtain an exemption(b) such acts constitute a class two misdemeanor(c) in addition, knowingly swearing to a false statement subject to laws of perjury
590	Civil actions. <ul style="list-style-type: none">(a) liens<ul style="list-style-type: none">(1) city can file a lien for tax, penalty or interest due(2) lien recording and filing(3) filing a lien does not preclude any other collection methods(4) liens can be released in whole or in part upon payment(b) actions to recover tax<ul style="list-style-type: none">(1) cannot begin until tax actually assessed(2) must begin:<ul style="list-style-type: none">(a) within 6 years after assessment is final(b) prior to any written agreement between taxpayer and tax collector, if one exists(c) at any time upon a lien
595	Collection of taxes when there is succession in and/or cessation of business. <ul style="list-style-type: none">(a) this is in addition to any other provisions in the city code(b) taxes due are lien on property(c) foreclosure or similar transfer of improved real property(d) back taxes due are liability of:<ul style="list-style-type: none">(1) seller if received certificate at time of sale(2) buyer otherwise
596	Agreement for installment payments of tax <ul style="list-style-type: none">(a) agreement allowed; financial report(b) alteration, modification or termination of agreement(c) offset of tax refunds; tax liens; collection(d) termination of agreement if collection in jeopardy(e) changed financial condition and agreements(f) term of agreement fixed except as provided

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| | (g) refusal to enter into agreement; petition to resolution officer |
| | (h) modifications upon mutual agreement |

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| 597 | Private taxpayer rulings; request; revocation or modification; definition |
| | (a) issuance of ruling; prerequisites |
| | (b) revoking or modifying ruling |
| | (c) limitations on retroactive revocation |
| | (d) application of ruling to other taxpayers |
| | (e) appeal of retroactive application of revoked or modified ruling |
| | (f) effect of ruling |
| | (g) prospective nature of ruling |
| | (h) time limit on issuance |
| | (i) ruling is public record after 30 days |
| | (j) definition of private taxpayer ruling |
| | (k) state ruling in absence of city ruling on same wording |

DIVISION 6. - MISCELLANEOUS PROVISIONS

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| 600 | Persons paying privilege tax not liable for occupational tax under article I. |
| 601 | Director of finance to keep records. |
| 602 | Levying and pledging a portion of excise and franchise taxes. |

REGULATIONS

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| 100.1 | Brokers. |
| 100.2 | Delivery, installation, or other direct customer services. |
| 100.3 | Retailers. |
| 100.4 | Sales to Native Americans. |
| 100.5 | Remediation Contracting |
| 110.1 | Reserved. |
| 110.2 | Reserved. |
| 115.1 | Computer hardware, software, and data services. |
| 120.1 | Food for home consumption: recordkeeping and reporting requirements. |
| 200.1 | When deposits are included in gross income. |
| 250.1 | Excess tax collected. |
| 270.1 | Proprietary activities of municipalities are not deemed activities of a governmental entity. |
| 270.2 | Proprietary clubs. |
| 300.1 | Who must apply for a license. |

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<u>SECTION</u>	<u>DESCRIPTION</u>
300.2	Reserved.
310.1	Reserved.
310.2	Reserved.
310.3	Reserved.
350.1	Recordkeeping: income.
350.2	Recordkeeping: expenditures.
350.3	Recordkeeping: out-of-city and out-of-state sales.
360.1	Proof of exemption: sale for resale; sale, rental, lease, or license of rental equipment.
360.2	Proof of exemption: exemption certificate.
405.1	Reserved.
405.2	Advertising activity within the city.
407.1	Reserved.
415.1	Distinction between the categories of construction contracting.
415.2	Distinction between construction contracting and certain related activities.
416.1	Speculative builders: homeowner's bona fide non-business sale of a family residence.
416.2	Reconstruction contracting.
425.1	Distinction between job printing and certain related activities.
435.1	Distinction between publication of periodicals and certain related activities.
435.2	Advertising income of publishers and distributors of newspapers and other periodicals.
445.1	When the rental, leasing, and licensing of real property is exempt as "casual".
445.2	Reserved
445.3	Rental, leasing, and licensing of real property as lodging: room and board; furnished lodging.
447.1	Reserved.
450.1	Distinction between rental, leasing, and licensing for use of tangible personal property and certain related activities.

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<u>SECTION</u>	<u>DESCRIPTION</u>
450.2	Rental, leasing, and licensing for use of tangible personal property: membership fees; other charges.
450.3	Rental, leasing, and licensing for use of equipment with operator.
450.4	Rental, leasing, and licensing for use of tangible personal property: semi-permanently or permanently installed tangible personal property.
450.5	Rental, leasing, and licensing for use of tangible personal property: delivery, installation, repair, and maintenance charges.
455.1	Gratuities related to restaurant activity.
460.1	Distinction between retail sales and certain other transfers of tangible personal property.
460.2	Retail sales: trading stamp company transactions.
460.3	Retail sales: membership fees of retailers.
460.4	Retail sales: professional services.
460.5	Retail sales: monetized bullion; numismatic value of coins.
460.6	Retail sales: consignment sales.
465.1	Retail sales: repair services.
465.2	Retail sales: warranty, maintenance, and similar service contracts.
465.3	Retail sales: sale of containers, paper products, and labels.
465.4	Retail sales: aircraft acquired for use outside the state.
470.1	Telecommunication services.
475.1	Distinction between transporting for hire and certain related activities.
520.1	Reports made to the city.
520.2	Change of method of reporting.
555.1	Administrative request for the attendance of witnesses or the production of documents; service thereof; remedies and penalties for failure to respond.
571.1	Collection of tax in jeopardy.

ARTICLE III. PUBLIC UTILITY TAX

DIVISION 1. - GENERAL CONDITIONS AND DEFINITIONS

699	Words of tense, number and gender; code references.
700	General Definitions

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<u>SECTION</u>	<u>DESCRIPTION</u>
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	Assembler
	Broker
	Business
	Casual activity or sale
	Combined taxes
	Communications channel
	Engaging
	Federal government
	Person
	Providing telecommunication services
	Public utility
	Public utility business activity
	Resides within the city
	Sale
	Tax collector
	Telecommunication
	Utility service

DIVISION 2. - DETERMINATION OF GROSS INCOME

- | | |
|-----|---|
| 800 | Determination of gross income in general |
| | (a) includes: |
| | (1) value from sales of property or service |
| | (2) total sale or lease price |
| | (3) receipts, cash, barter, exchange, reduction of debt, etc. |
| | (4) including deposits and deferred payments |
| | (b) barter, exchange, trade-outs, etc. |
| | (c) no deduction for cost, losses, etc. |
| 805 | Exclusion from gross income of amounts derived from activities other public utility business activities. |
| 810 | Determination of gross income: transactions between affiliated companies or persons. |
| 820 | Determination of gross income: artificially contrived transactions. |
| 830 | Determination of gross income based upon method of reporting. |
| | (a) cash basis |
| | (b) accrual basis |
| 840 | Exclusion of cash discounts, returns, refunds, trade-in values, vendor-issued coupons, and rebates from gross income. |
| | (a) (1) cash discounts |
| | (2) returns |
| | (3) trade-ins |
| | (4) vendor-issued coupons |
| | (5) rebates |
| | (b) subsequent period reduction may still be excluded if reported as taxable in prior period. |
| 850 | Exclusion of combined tax from gross income; itemization; notice; limitations. |
| | (a) when tax separately collected/charged |
| | (1) remittance of all tax collected/charged |

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<u>SECTION</u>	<u>DESCRIPTION</u>
	(2) itemization
	(b) when tax has not been separately charged/collected.
870	Exclusion of gross income of persons deemed not engaged in business. <ul style="list-style-type: none">(a) definitions<ul style="list-style-type: none">(1) federally exempt organization(2) governmental entity(3) nonlicensed business(4) proprietary club(5) public educational entity(b) governmental entities, nonlicensed businesses, and public educational entities do not have taxable gross income except "proprietary activities" of municipalities(c) federally exempt organizations and proprietary clubs do not have taxable gross income except:<ul style="list-style-type: none">(1) proprietary clubs 15% rule on revenue(2) unrelated business income(3) Reserved.(d) sales or leases to (a) taxable unless licensed and paying a tax on resales/leases income.(e) franchisees and concessionaires of such do <u>not</u> share their exemption.(f) Reserved.
890	Activities on Davis Monthan Air Force Base.

DIVISION 3. - LICENSING AND RECORDKEEPING

900	Licensing requirements. <ul style="list-style-type: none">(a) who must apply<ul style="list-style-type: none">(1) all subject to public utility tax(2) Reserved.(b) limitation
905	Special licensing requirements. <ul style="list-style-type: none">(a) partnerships(b) corporations(c) multiple locations(d) conditional on meeting other legal requirements
910	Licensing: duration of license; transferability; display. <ul style="list-style-type: none">(a) valid until surrendered/cancelled/revoked.(b) non-transferable between owners or locations, and must be publicly displayed at business location.(c) replacement of license treated as new license for purposes of application and fee.(d) Reserved.
920	Licensing: cancellation; revocation. <ul style="list-style-type: none">(a) cancellation if inactive.(b) revoked for failure to comply.(c) notice and hearing(d) reinstatement
930	Operating without a license.

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<u>SECTION</u>	<u>DESCRIPTION</u>
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|-----|---|
| 950 | Recordkeeping requirements. <ul style="list-style-type: none">(a) Must maintain books and records for limitation period and make available to tax collector during any business day.(b) tax collector can specify books and records kept after audit reveals inadequate recordkeeping. |
| 960 | Recordkeeping: claim of exclusion, exemption, deduction, or credit; documentation; liability. <ul style="list-style-type: none">(a) claim of exemption must be documented.(b) vendee's claim of exemption shifts tax liability to vendee. |
| 970 | Inadequate or unsuitable records.
If records inadequate, taxpayer must either: <ul style="list-style-type: none">(1) provide other suitable records, or(2) correct/reconstruct records. |

DIVISION 4. - PUBLIC UTILITY TAX

- | | |
|------|---|
| 1000 | Imposition of public utility tax; credit ; presumption. <ul style="list-style-type: none">(a) taxes levied:(b) taxes imposed by this article in addition to others.(c) presumption. |
| 1070 | Telecommunication services. <ul style="list-style-type: none">(a) measure of tax; rate.<ul style="list-style-type: none">(1) tax rate and gross income definition(2) rights-of-way tax rate and gross income definition(b) resale telecommunication services(c) cable television |
| 1080 | Utility Services. <ul style="list-style-type: none">(a) measure of tax; rate.(b) resale utility services(c) sales to qualifying health care facilities |

DIVISION 5. - ADMINISTRATION

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|------|--|
| 1100 | Administration of this article. |
| 1110 | Criminal penalties <ul style="list-style-type: none">(a) it is unlawful to knowingly or willfully:<ul style="list-style-type: none">(1) fail/refuse to file a return(2) fail/refuse to pay tax when due(3) make false/fraudulent return(4) make false/fraudulent statement to claim tax exemption(5) fail/refuse to permit lawful examination of books or records(6) fail/refuse to remit taxes collected from customer(7) advertise that tax is not a consideration of price(8) fail/refuse to obtain a privilege license(9) falsify/forge document to obtain an exemption(b) such acts constitute a class two misdemeanor(c) in addition, knowingly swearing to a false statement subject to laws of perjury |
| 1120 | Civil actions. <ul style="list-style-type: none">(a) liens |

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SECTION

DESCRIPTION

- (1) city can file a lien for tax, penalty or interest due
- (2) lien recording and filing
- (3) filing a lien does not preclude any other collection methods
- (4) liens can be released in whole or in part upon payment
- (b) actions to recover tax
 - (1) cannot begin until tax actually assessed
 - (2) must begin:
 - (a) within 6 years after assessment is final
 - (b) prior to any written agreement between taxpayer and tax collector, if one exists
 - (c) at any time upon a lien